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Report

drawn up on behalf of the Committee on Development and Cooperation

on the proposal from the Commission of the European Communities (Doc. 4/76)
for a regulation laying down general rules for the supply of skimmed-milk powder
as food aid to certain developing countries and international organizations under
the 1976 programme

Rapporteur: Sir Geoffrey de FREITAS

1.2.2

PE 44.085/fin.

By letter of 5 March 1976 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation laying down general rules for the supply of skimmed-milk powder as food aid to certain developing countries and international organizations under the 1976 programme.

On 9 March 1976 the President of the European Parliament referred this proposal to the Committee on Development and Cooperation as the committee responsible and to the Committee on Agriculture for its opinion.

On 23 March 1976 the Committee on Development and Cooperation appointed Sir Geoffrey de Freitas rapporteur.

It considered the draft report at the same meeting.

Following a detailed discussion the motion for a resolution and the explanatory statement were unanimously adopted.

Present: Miss Flesch, chairman; Sir Geoffrey de Freitas, rapporteur; Miss Boothroyd, Mr Broeksz, Mr Deschamps, Mr Flämig, Mrs Iotti, Mr Lagorde, Lord Reay, Mr Sandri, Lord St. Oswald, Mr Schuijt and Mrs Walz.

The opinion of the Committee on Agriculture is attached.

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A

The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation laying down general rules for the supply of skimmed-milk powder as food aid to certain developing countries and international organizations under the 1976 programme

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council ¹,
 - having been consulted by the Council (Doc. 4/76),
 - having regard to the report of the Committee on Development and Cooperation and the opinion of the Committee on Agriculture (Doc.23/76),
 - having regard to the fact that the food situation has continued to deteriorate in many countries of the Fourth World in recent years,
 - having regard to its earlier resolutions,
1. Approves the Commission's proposal to make available 55,000 tonnes of skimmed-milk powder to certain developing countries and international organizations under the 1976 food aid programme;
 2. Believes that this quantity should be increased to 200,000 tonnes and regrets that the European Parliament has not yet been consulted on the decision by the Council of the European Communities to increase the food aid to this level;
 3. Reserves the right to return in depth to the question of food aid in the form of skimmed milk powder, with particular reference to the question of its permanent character, as soon as it is formally consulted by the Council, and requests the Commission to make proposals for a programme of greater quantity as soon as possible;
 4. Instructs its President to forward this resolution and the report of its committee to the Council and the Commission of the European Communities and to the World Food Programme and the Food and Agriculture Organization.

¹ OJ No. C 70, 25.3.1976, p. 3

B

EXPLANATORY STATEMENT

The proposals of the Commission concern the delivery of 55,000 tonnes of skimmed milk powder under the 1976 food aid programme.

The committee approves these proposals, in order not to delay the programme.

However, the Commission's proposals have been outdated by the Council decisions of 2/3 March 1976, which provide for an increase in the aid to 200,000 tonnes.

The committee would therefore like to await the Commission's new proposals before commenting fully on the *modus operandi* and details of the Community's skimmed milk powder programme.

OPINION of the Committee on Agriculture

Draftsman: Mr L. MARTENS

On 9 March 1976 the Committee on Agriculture appointed Mr McDonald draftsman. Following a request by Mr McDonald to be replaced as draftsman, Mr Martens was then appointed on 23 March 1976.

The Committee considered the draft opinion at its meeting of 22 and 23 March 1976 and adopted it by ten votes in favour with two abstentions.

The following were present: Mr Houdet, chairman; Mr Laban, vice-chairman; Mr Martens, draftsman; Mr Dalyell (deputizing for Mr Cifarelli), Mr Delmotte (deputizing for Mr Della Briotta), Mrs Dunwoody, Mr Früh, Mr Howell, Mr Kofoed, Mrs Orth, Mr Scott-Hopkins and Mr Suck.

The purpose of the Commission's proposal

1. The purpose of the Commission's proposal is to make available 55,000 tonnes of skimmed-milk powder for food aid in 1976, and to provide for the buying-in of skimmed-milk powder on the Community market in the case that public intervention stocks are not sufficient to supply the particular qualities and quantities required.

Food aid programmes

2. The 1975 food aid programme adopted by the Council provided for 55,000 tonnes of skimmed-milk powder. This proposal for the 1976 programme is identical.

3. The 55,000 tonnes are to be allocated as follows:

- 22,900 tonnes to developing countries,
- 27,700 tonnes to five international organisations,
- 4,530 tonnes as a reserve.

In addition 3,250 tonnes are to be reallocated from 1975, as follows:

- 2,500 to Bangladesh,
- 750 to Niger (from the Sahel reserve).

4. Requests for aid are made:

(a) by countries

- for standard aid
- or for emergency aid,

(b) by international organisations

- the world food programmes
- ICRC
- UNICEF
- UNRWA

Standard aid is distributed according to fixed criteria:

- considerable nutritional need for milk;
- annual per capita income below \$300;
- a precarious external finance situation.

According to the amount of skimmed-milk powder available, on the assumption of a total programme of 55,000 tonnes, the nutritional need for milk can be calculated on the basis of an annual ration of 30 grs. (or 330 grs. of liquid milk) per person per day. This compares with the level available in the EEC countries of 400-700 grs of liquid milk.

5. This proposal will involve no additional budgetary requirements. The estimated cost of the programme is 35.72 million u.a.; the 1976 budget, item 9211, already makes provision for 36.35 m.u.a.

Food aid programmes and the CAP

6. Requests received from developing countries and international organisations for food aid in the form of skimmed milk powder far exceeds the amount provided for in this particular proposal. The 34 requests so far received amount to 195,545 tonnes.

7. At the same time, the Communities found themselves with an excessive and embarrassing level of stocks of skimmed-milk powder. At the beginning of 1974, public stocks stood at 166,000 tonnes and increased to 365,000 by the end of 1974. De-stocking was achieved mainly through food aid (52,500 tonnes) sale for animal feeding stuffs (15,000 tonnes at 2 ua./100 kg. above the intervention price) and for export (3,000 tonnes).

The quantities of liquid skimmed milk used in feeding stuffs and amounts of skimmed-milk powder used in special feeding stuffs for calves continued to fall in 1974 and 1975; and at the same time production increased by 6% in 1974/75.

Residual stocks (after deducting amounts required for animal feed compounds and existing food aid programmes) stand at just over 1 million tonnes. The normal acceptable level of stocks can be placed at 400,000 tonnes; and the Community surplus at 600,000 tonnes.

8. The 1975/76 intervention price was fixed at 88.70 ua./100 kg. The world market price is approximately 42 ua./100kg. Additional amounts of skimmed-milk powder can only be exported onto the world market, in consequence, by means of export refunds equal to the value on the world market of the amount exported.

9. It is clear that the Communities require short-term programmes to substantially reduce existing stocks of skimmed-milk powder with a minimum of expenditure from the Community budget.

For this reason, the Commission included in its price proposals for 1976/77:

- a) a proposal for 400,000 tonnes of skimmed-milk powder to be compulsorily included in animal feeding stuffs,
- b) skimmed-milk powder as food aid to be increased to 200,000 tonnes (of which 150,000 tonnes is to be financed in 1976 and 50,000 tonnes in 1977¹).

10. The Commission's proposal to increase skimmed-milk powder as food aid received the approval of the Committee on Agriculture². In fact, the Committee on Agriculture has urged for a number of years for food aid programmes to be increased for products for which the Community is in surplus³.

Necessity for longer term measures

11. The Community's food aid policy has been based largely on the donation of surplus intervention stocks.

In 1974, the Community's skimmed-milk food aid contributions fell short since intervention stocks were not sufficient to meet commitments.

12. In its stocktaking of the Common Agriculture Policy, the Commission proposed that food aid commitments be on a multi-annual basis, so as to give food aid greater regularity and to make it possible for beneficiaries to use this aid in connection with development projects⁴.

The Committee on Agriculture, in the report drawn up by Mr Scott-Hopkins⁵, stated that such multi-annual commitments could play a useful role, but suggested that they should not be of more than five years' duration because of the inherent political risks.

¹ Commission proposals on the fixing of prices for certain agricultural products and on certain related measures, COM(75) 600 final, 10.12.1975 Volume I, p. 107

² Report drawn up by Mr J. de Koning, Doc. 522/75, 5.2.1976

³ Notably: in the report drawn up by Mr J. Scott-Hopkins on the stock-taking of the Common Agricultural Policy (Doc. 115/75); in Mr Kofoed's opinion on the 1976 Budget (Doc. 361/75); and Mr Nielsen's opinion on the outcome of the world food conference (Doc. 326/75).

⁴ Doc. 529/74, 10.3.1975, p. 45.

⁵ Doc. 115/75, 16.6.1975, p.11

13. The Committee on Agriculture, in its opinion on the outcome of the world food conference¹, stressed that food aid policy must be incorporated in the Community's overall development policy and be linked with the Common Agricultural Policy.

14. Food aid cannot be left purely to the accidents of the Community's production.

Moreover, food aid should not be employed by the Commission as an occasional expedient to alleviate market imbalances and so avoid a thorough examination of deep-rooted problems facing the CAP. Food aid, if it is to be a useful instrument, both for development policies and as an agricultural instrument, must be placed on a longer term basis and integrated into the CAP.

Necessity for adequate controls

15. In order to ensure that it will be possible politically to maintain in the future increased levels of food aid and to avoid an undermining of the administrative structures of developing countries, it is essential that adequate controls are implemented so that aid reaches those to whom it is destined. Doubts still remain on this point. Administrative assistance may be required. Therefore, it would appear wise to integrate increased food aid into programmes implemented by international organisations.

16. At the same time, aid should be channelled to the poorest countries in accordance with the guidelines laid down by the Commission.

17. Finally, the Commission should be on its guard to ensure that certain beneficiary states, which at present purchase milk powder from traditional trading suppliers, do not abandon the commercial market in order to take advantage of increased Community aid.

Conclusions

18. The present proposal is for a skimmed-milk powder food aid programme for 1976 of 55,000 tonnes.

The proposal also provides ~~for~~ the purchase of certain quantities and qualities of skimmed-milk powder on the Community market if those are not in sufficient supply in public stocks.

¹ Doc. 326/75, p. 29.

19. The Committee on Agriculture has already approved the principle that food aid programmes should be based on multi-annual programmes and not simply limited to donations of surplus stocks.

For the Community to implement multi-annual programmes, it is necessary that quantities and qualities required can be purchased to meet the requirements of those programmes.

20. The Committee on Agriculture notes that in December 1975 the Commission proposed that skimmed-milk powder food aid should be increased to 200,000 tonnes.

At its meeting of 2 and 3 March 1976, the Council agreed to this increase.

Such an increase is in the interests of the developing countries.

The Committee on Agriculture, in consequence, while approving the programme for 55,000 tonnes contained in the present proposal, calls upon the Commission to come forward with a proposal for an increased programme in the near future to bring the programme up to 200,000 tonnes.

21. At the same time, the Committee on Agriculture requests that adequate supervision over the distribution and sanitary conditions of the use of such aid be ensured, and that care should be taken so that increased levels of aid do not disrupt the world market in skimmed-milk powder.

